



Trek 2000 International Ltd
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FOR IMMEDIATE RELEASE

Trek posts a net profit US\$0.6 million for 1Q2018

- Revenue declines to US\$8.4 million as the Group was impacted by a near-term acute supply of strategic components; efforts into diversifying the Group's supplier base to mitigate risks going forward are in place
- Backed by effective cost controls, gross profit margin declines marginally to 14.2% while net profit margin improves 3.6 percentage points to 6.6%
- Net cash position strengthens to US\$35.6 million; providing the impetus for the Group to further its growth strategies in capturing the fast growing Internet of Things ("IoT") market

SINGAPORE – 8 May 2018 - Trek 2000 International Ltd. ("Trek" or "the Group"), inventor and patent owner of the ThumbDrive, has announced its financial results for the three months ("1Q2018") ended 31 March 2018.

Financial Highlights (US\$ millions)	1Q2018	1Q2017	Change
Revenue	8.4	41.8	(79.9)%
Gross Profit	1.2	6.7	(82.1)%
Gross Profit Margin (%)	14.2	16.0	(1.8) pts
Net Profit Attributable to Owners of the Company	0.6	1.3	(55.7)%
Net Profit Margin (%)	6.6	3.0	3.6 pts
Basic Earnings Per Share (US cents)	0.17	0.38	(55.3)%

The acute supply of strategic components has directly impacted the Group's topline as revenue declined 79.9% year-on-year ("yoy") to US\$8.4 million. Correspondingly, the Group's gross profit declined 82.1% yoy to US\$1.2m. However, backed by effective cost controls amid challenging conditions, gross profit margin declined only marginally from 16.0% to 14.2%.

Since the strategic divestment of Racer Technology Pte Ltd ("Racer") on 14 March 2017, the Group has channeled resources on developing its core Interactive Consumer Solutions ("ICS") business. Representing 89.4% of the Group's revenue, the ICS business continues to be the key revenue generator underpinned by robust demand for its Wi-Fi memory modules, ThumbDrive®, Flucard® and Security Solutions.

During the period, a great emphasis was placed on tightening cost controls as the Group significantly reduced its expenses. Accordingly, total expenses declined 79.8% yoy to US\$1.1 million for 1Q2018 from US\$5.6 million for 1Q2017. This was primarily attributed to a 81.5% yoy decrease in marketing and distribution expenses to US\$0.3 million. Similarly, general administrative expenses declined from US\$1.5 million for 1Q2017 to US\$0.5 million for 1Q2018.

While it continues to streamline its operations into a leaner organisation, the Group reported a net profit attributable to shareholders of US\$0.6 million for 1Q2018.

The Group's resilient balance sheet continued to strengthen with cash and cash equivalents rising to US\$35.6 million as at 31 March 2018. The Group also holds US\$16.4 million worth of quoted investments, primarily in corporate bonds. As these bonds may easily be liquidated, it not only bolsters the Group's balance sheet strength but also provides a steady stream of interest income.

“While we were impacted by near-term factors related to an acute supply of strategic components, we do not expect this to continue for the long term. Nevertheless, our engineering teams are working feverishly to redesign our immediate solutions. Furthermore, we are relentless in our pursuit of streamlining our operations, tightening cost controls and boosting productivity across the organisation. These efforts have translated to the sustainability of our margins during the challenging quarter.

Our business remains poised to further penetrate the IoT market in consumer wearable, medical and cloud technologies. By leveraging on our history of R&D capabilities and a track record of innovative solutions, we are confident that our core ICS division will continue to gain traction as we seek to develop disruptive technologies and solutions for our customers. Against the backdrop of an IoT market where spending is expected to reach US\$772 billion in 2018¹, our relentless pursuit of innovation will continue to set us apart from the competition and pave the way for future success as we continue to deliver value to our stakeholders.”

- Mr Henn Tan, Executive Chairman and CEO of Trek 2000 International Ltd

-The End -

About Trek 2000 International Ltd

Trek 2000 International Ltd (“Trek”), an industry leader, innovator, original inventor and patent owner of the ThumbDrive® offers state-of-the-art design solutions ranging from Interactive Consumer Solutions, Wireless, Antipiracy, Compression and Encryption to sophisticated Enterprise Solutions all catering to the fast changing digital industry. Trek with its library of granted patents is represented all over the world and has offices in the U.S., Malaysia, Thailand, India, Hong Kong, Singapore, the Netherlands, China, the Philippines, Vietnam, Indonesia and Japan to serve the rapidly expanding markets across all regions.

A public listed company whose shares are quoted on the Singapore Stock Exchange (SGX:5AB), Trek was named by Forbes Global as one of the Best Small Companies in the World of 2000 and 2002. Trek also received the Best Managed small Company in Singapore by AsiaMoney (of Euromoney), the INVENT Singapore Award 2008 and the ASEAN Business Award for Innovation in 2011. The company was awarded Asia-Pacific Enterprise Leadership Awards for Spirit of Innovation Award in 2013, the SD Association Awards of Excellence in 2014 and conferred the One Asia – Avant-Garde Award and International Management Action Award in 2015. More recently in July 2016, the company was bestowed the prestigious Engineering Feats@IES-SG50 award by the Prime Minister of Singapore.

Trek®, ThumbDrive®, DivaDrive® and Flucard® are trademarks or registered trademarks of Trek Group of Companies in Singapore and / or other countries.

For more information, visit our website at <http://www.trek2000.com.sg>, <http://www.thumbdrive.com>, <http://www.flu-card.com>, <https://www.cloudstringers.com/>

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¹ IDC, IDC Forecasts Worldwide Spending on the Internet of Things to Reach \$772 Billion in 2018, December 2017